



COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

A Fact Sheet

Executive Director Name
Executive Director

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Office of State Planning and Budgeting

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BRI-6 Medicaid Program Reductions

Request: In response to the State's current fiscal situation, the Department requests a reduction of \$35.2 million total funds, \$28.0 million General Fund in FY 2010-11, and a reduction of \$36.2 million total funds, \$17.0 General Fund in FY 2011-12 in order to: reduce Medicaid physical health provider rates by 2%; reduce capitation rates paid to behavioral health organizations; reduce reimbursement to mid-level practitioners; impose restrictions on certain durable medical equipment; restrict nursing facility per diem growth to 0% in FY 2010-11; and, refinance a portion of Medical Services Premiums with an existing cash fund appropriation. Reductions would be effective July 1, 2010.

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Total Request	(\$35,234,040)	(\$27,963,869)	\$11,350,706	(\$214)	(\$18,620,663)
Provider Rate Cuts*	(\$22,337,320)	(\$9,337,445)	(\$532,169)	\$0	(\$12,467,706)
Reduction to Mid-Level Practitioner Reimbursement*	(\$1,417,613)	(\$573,979)	(\$52,676)	\$0	(\$790,958)
Restrictions to Optional Durable Medical Equipment*	(\$2,333,095)	(\$944,651)	(\$86,693)	\$0	(\$1,301,751)
Reduction to Nursing Facility Per Diem General Fund Cap*	\$0	(\$12,215,048)	\$12,215,048	\$0	\$0
Reduction to Nursing Facility Per Diem General Fund Cap - PACE Impact*	(\$3,023,201)	(\$1,336,407)	\$0	\$0	(\$1,686,794)
Refinance Medical Services Premiums with Disease Management Funding*	(\$2,000,000)	(\$2,000,000)	\$0	\$0	\$0
Reduce Mental Health Capitation Program Rates*	(\$4,122,811)	(\$1,556,339)	(\$192,804)	(\$214)	(\$2,373,454)

* Rows show costs by initiative not budget line item.

Highlights:

- The Department proposes to reduce rates paid to Medicaid physical health fee-for-service and managed care providers by 1% effective July 1, 2010. This reduction would affect all providers and services paid within the Department's Medical Services Premiums line item, with certain exceptions. Rates paid to managed care organizations, including PACE, would also include corresponding decreases, as the Department pays rates based on fee-for-service expenditure.
- The Department proposes to reduce rates paid to behavioral health organizations by 2%. Currently, rates are paid at 2.5% below the midpoint of an actuarially-sound rate range developed during the rate-setting process. This reduction would place rates at approximately 95.55% of the midpoint of the rate range.
- The Department proposes to reduce rates paid to mid-level practitioners to 90% of the rate paid to physicians. Currently, the Department reimburses mid-level practitioners, including nurse practitioners, physician assistants, certified nurse midwives, and certified registered nurse anesthetists, at the same rate as physicians for the same services.
- The Department proposes to impose restrictions on certain optional durable medical equipment. In particular, the Department would impose a 210-unit limit on incontinence products (down from the current limit of 240), and eliminate coverage for oral nutritional products for adults 21 years and older, although exceptions would be granted for individuals with innate errors of metabolism or malnourishment conditions.
- The Department proposes to reduce the current limit on General Fund per diem growth in nursing facility rates from 5% to 0% in FY 2010-11. The Department's proposal assumes the limit is returned to the 5% level in FY 2011-12, and allowed to return to the 3% limit, in statute at 25.5-6-202 (9)(b)(I) and 25.5-6-202(9)(b.7), C.R.S. (2009), in FY 2012-13.
- The Department proposes to use \$2 million in cash funds, from the Prevention, Early Detection, and Treatment Fund to offset General Fund expenditure in the Medical Services Premiums line item. The Department's base request for Medical Services Premiums includes this \$2 million, which typically funds the Department's Disease Management programs. Under this request, the Department would continue to use this funding to offset General Fund in FY 2010-11. The Department anticipates that it will resume its disease management program in FY 2011-12. This request would reduce total funds and General Fund expenditure by \$2.0 million in FY 2010-11.

**For more information about this Department and its programs, please call
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